



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2016 September 1

IN-KIND SUPPORT TO 100% PROGRAMS

Recommendation

It is recommended that the Finance & Facilities Committee receive report No. 028-16 FFC re: “In-Kind Support to 100% Programs” for information.

Key Points

- Included in the approved 2016 operating budget are a number of initiatives that are being supported by Cost-Shared funding.
- Approximately \$1,025,882 of support is provided directly or indirectly to 100% programs using an allocation based on program FTEs.

Background

Since the early 2000’s a number of programs have been added to Public Health’s mandate to address emerging public health concerns such as West Nile Virus (WNV) and Secure Acute Respiratory Syndrome (SARS); to expand current Mandatory Programs; and/or or to address other provincial initiatives.

Initially, new programming implementation was funded 100% through provincial grants after which it was transferred to a cost-sharing arrangement with municipalities. Examples are the Vector-Borne Diseases (formerly WNV) and Small Drinking Water Systems. However, since the mid 2000’s the experience has been that new public health initiatives have been implemented and have maintained 100% provincial funding (e.g. Social Determinants of Health Nurse, Chief Nursing Officer, Healthy Smiles Ontario, etc.). As part of new funding initiatives, public health units are usually limited as to what types of costs may be attributed to the programs. Therefore health units are often left in a position to accommodate increased demands and costs in regards to corporate support services like corporate training, office space, postage, records management, human resource costs, Information Technology (IT) costs, payroll costs (bank fees, and post-retirement benefits for example), and other costs associated with managing the programs.

Overall our community has benefitted from the increased resources achieved through these new programs or initiatives. However, not only is the health unit limited in its “chargebacks,” but also the funding for these programs often does not increase after they are initiated and eventually inflationary pressures start impacting the ability for the grant to fund wages and benefits. At this point the Health unit is required to either reduce services or support the initiatives using other funding available to them (Mandatory Programs funding).

In the development of the 2016 operating budget, the Board of Health approved two such PBMA proposals: Proposal 1-0050; re: “Smoke Free Ontario Inflationary Pressure Enhancement” for \$5,400, and Proposal 1-0051; re: “Healthy Babies Healthy Children Inflationary Pressure Enhancement” for \$37,500. As part of the approval the Finance & Facilities Committee requested staff to provide a summary, at a future meeting, of the 100% programs and the level to which the Health Unit supports these programs.

Allocation of Costs to 100% programs

[Appendix A](#) shows the level of support provided to 100% programs either directly through the use of Mandatory Program funding or through costs that are not currently allocated to the program. The allocation method used for the analysis looked at corporate support services (Human Resources, Finance, Payroll, Information Technology, Communications, occupancy costs, legal, photocopying, etc.) and calculated a cost per FTE using 2015 actual costs. The allocation is an attempt to approximate the true cost of operating the programs. Taking this into account, approximately \$1,025,882 was provided to subsidize funding of 100% funded programs (\$12,045 direct expenditures; \$1,013,837 in-kind support). The estimated direct subsidization for 2016 is \$115,013.

Conclusion

Over the past decade, the Provincial Government has increased the mandate and funding to Middlesex-London Health Unit by providing 100% funding for new initiatives. However, many of these programs require additional funding over and above the provincial allocation to support and maintain the expected level of service. As we enter into the 2017 budget planning process, the Board of Health and staff will have to make decisions with respect to supporting these programs with increased cost-shared funding or reducing services.

This report was prepared by Mr. John Millson, Associate Director of Finance.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health